

## Message Text

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PAGE 01 STATE 245486

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FOLLOWING REPEAT MOSCOW 14629 ACTION SECSTATE INFO BELGRADE  
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QUOTE

LIMITED OFFICIAL USE MOSCOW 14629

E.O. 11652: N/A

TAGS: ECON, EFIN, XH, HU, COMECON, UR

SUBJECT: HUNGARIAN JOURNAL'S PROPOSAL FOR EAST EUROPEAN CURRENCY  
AND TRANSFERABLE RUBLE FLOAT

REF: BUDAPEST 3243 (NOTAL)

1. ON BASIS OF LIMITED INFORMATION AVAILABLE IN MOSCOW,  
HUNGARIAN PROPOSALS FOR RAPID MOVEMENT TOWARD A GENUINELY  
TRANSFERABLE RUBLE APPEAR TO BE SUBSTANTIALLY MORE ADVANCED  
THAN SOVIET THINKING ON THIS SUBJECT AT THE PRESENT TIME.

2. REFERENCES TO THIS SUBJECT IN SOVIET JOURNALS, AND ALSO IN  
OFFICIAL CEMA PUBLICATIONS AND ANNUAL REVIEWS, CONTAIN NO CRITICISM  
OF SLOW ADVANCE TOWARD ANY FORM OF INTRA-CEMA CONVERTIBILITY.

IN GENERAL, SUBJECT IS TREATED AS SOMETHING WHICH WILL TAKE  
PLACE "IN THE FUTURE", SOMETHING "CALLED FOR" IN COMPLEX

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PAGE 02 STATE 245486

PROGRAM. DATE USUALLY MENTIONED AND WHICH WAS REAFFIRMED DURING

RECENT CONVERSATION WITH SOVIET ECONOMIST AT AN INSTITUTE DEALING WITH CEMA MATTERS WAS "SOMETHING AFTER 1980".

3. IN CONVERSATION SOME MONTHS AGO ANOTHER SOVIET ECONOMIST, WHEN PRESSED BY EMBOFF AS TO JUST WHO IN CEMA BLOC WAS DRAGGING THEIR FEET ON ACTION TOWARD SOME FORM OF INTERNAL CONVERTIBILITY, REPLIED, IN LOW VOICE, "THE RUSSIANS." HE REFUSED TO DISCUSS SUBJECT FURTHER, BUT IMPLIED THAT SOVIETS, E.E. SOVIET ECONOMIC PLANNERS, DO NOT FEEL THAT CEMA ECONOMIES SUFFICIENTLY READY FOR A TRANSFERABLE RUBLE WHICH CAN BE USED FREELY AS COMMON CURRENCY IN CEMA AREA.

4. TO THE ABOVE MUST BE ADDED THE ENTHUSIASM FOR THE TRANSFERABLE RUBLE THE WAY IT NOW IS -- ACTUALLY A UNIT OF ACCOUNT, BOOKKEEPING DEVICE -- WHICH IS MANIFESTED BY MANY CEMA BANKING OFFICIALS. NOT LONG AGO A SWEDISH DELEGATION VISITING CEMA INTERNATIONAL BANK FOR ECONOMIC COOPERATION (IBEC) RECEIVED GLOWING DESCRIPTION OF RISING ANNUAL VOLUME OF BANK'S TRANSFERABLE RUBLE (TR) TRANSACTIONS AND INCREASING POSSIBILITIES THEY PRESENT FOR EXPANDED TRADE. IBEC OFFICIALS MADE ONLY BRIEF MENTION OF FACT THAT OVER 90 PERCENT OF TR TRANSACTIONS ARE BILATERAL.

5. SUMMING UP, WE FEEL THAT SOVIET ATTITUDE TOWARD INNOVATIVE, SOPHISTICATED CEMA FINANCIAL REFORMS FAVORED BY HUNGARIANS AND, WE UNDERSTAND, THE POLES, IS GENERALLY NEGATIVE AND AT BEST PATRONIZING. THEIR APPROACH TO CONVERTIBILITY, AND ALSO TO OTHER ASPECTS OF ECONOMIC REFORM, IS THAT OF A VAST BUREAUCRATIC MONOLITH, MOVING CAUTIOUSLY FORWARD AT GLACIAL SPEED. POSSIBILITY PERSISTS, HOWEVER, THAT UNFORESEEN EXTERNAL DEVELOPMENTS, SUCH AS ENERGY CRISIS AND PRESSURES OF WESTERN INFLATION, MAY COMPEL SOVIETS TO MOVE MORE RAPIDLY THAN THEY WANT TO.  
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